

**REPORT OF THE AUDIT OF THE  
CAMPBELL COUNTY  
CLERK**

**For The Year Ended  
December 31, 2001**



**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
Gordon C. Duke, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Steven Pendery, Campbell County Judge/Executive  
Honorable Jack Snodgrass, Campbell County Clerk  
Members of the Campbell County Fiscal Court

The enclosed report prepared by Berger & Ross, PLLC, Certified Public Accountants, presents the statement of receipts and disbursements of the County Clerk of Campbell County, Kentucky, for the year ended December 31, 2001.

We engaged Berger & Ross, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Berger & Ross, PLLC, evaluated the Campbell County Clerk's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Enclosure





**AUDIT EXAMINATION OF THE  
CAMPBELL COUNTY CLERK**

**Calendar Year 2001**

**Berger & Ross, PLLC**  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE CAMPBELL COUNTY CLERK**

**Calendar Year 2001**

Berger and Ross PLLC has completed the Campbell County Clerk's audit for calendar year 2001. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five (75%) of the fees collected are deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five (25%) of fees collected are deposited to the county government fund and quarterly paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

The financial statement of the Campbell County Clerk's 75% fund reflects a beginning balance of \$57,920, receipts of \$1,165,391, and disbursements of \$1,048,320 resulting in a fund balance of \$174,991 for calendar year 2001. The 25% county government fund had receipts and disbursements of \$357,732 resulting in a zero fund balance.

#### **Deposits:**

The County Clerk's deposits were insured and collateralized by bank securities or bonds.

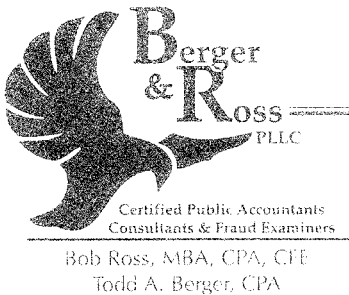




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Government Finance Officers Association

To the People of Kentucky  
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Members of the Campbell County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts and disbursements of the County Clerk of Campbell County, Kentucky, and the statement of receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 2001. These financial statements are the responsibility of the County Clerk. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the County Clerk and the receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 2001, in conformity with the modified cash basis of accounting.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
Gordon C. Duke, Secretary  
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In accordance with Government Auditing Standards, we have also issued our report dated October 9, 2002, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -  
October 9, 2002

CAMPBELL COUNTY  
JACK SNODGRASS, COUNTY CLERK  
STATEMENT OF RECEIPTS AND DISBURSEMENTS

Calendar Year 2001

Receipts

State Payments:

State Fees for Services	\$	35,878
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Fiscal Court		70,844
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Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	1,493,682
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Usage Tax		7,750,208
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Tangible Personal Property Tax		6,135,734
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Licenses-

Marriage		30,011
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Deed Transfer Tax		271,624
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Delinquent Taxes	360,591	16,041,850
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Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts	\$	35,046
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Bail Bonds		746
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Notary Bonds		19,188
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Duplicates		11,912
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Real Estate Mortgages		94,006
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Miscellaneous other recordings		214,386
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Leases		506
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Other		2,856
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Material Liens		12,262
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Chattel Mortgages and Financing Statements		151,308
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Powers of Attorney	2,637	544,853
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Other:

Copywork	\$	46,989
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Postage		45,219
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Miscellaneous		9,949
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Money Transferred from 2000 Account		12,499
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Salary Reimbursements		15,408
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Interest Earned	6,769	136,833
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Total Receipts	\$	16,830,258
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The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY  
 JACK SNODGRASS, COUNTY CLERK  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 Calendar Year 2001  
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$	1,118,690	
Usage Tax		7,522,554	
Tangible Personal Property Tax		<u>1,851,497</u>	\$ 10,492,741

Licenses and Taxes-

Delinquent Tax	\$	54,576	
Legal Process Tax		72,376	
Petitions		<u>480</u>	127,432

Payments to Fiscal Court:

Tangible Personal Property Tax	\$	497,099	
Delinquent Tax		38,045	
Deed Transfer Tax		<u>258,043</u>	793,187

Payments to Other Districts:

Tangible Personal Property Tax	\$	3,547,126	
Delinquent Tax		<u>169,502</u>	3,716,628

Payments to Sheriff 8,772

Payments to County Attorney 57,287

Reimbursed Salary 84,427

Refunds of Overpayments 6,773

Refunds for Office Expense 16,613

Total Disbursements \$ 15,303,860

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY  
JACK SNODGRASS, COUNTY CLERK  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
Calendar Year 2001  
(Continued)

Net Receipts		\$	1,526,398
Payments to State Treasurer:			
75% Operating Fund	\$	1,165,391	*
25% County Fund		<u>357,732</u>	<u>1,523,123</u>
Balance Due at Completion of Audit		\$	<u>3,275</u>

\* Includes reimbursed expenses in the amount of \$92,196.

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY  
 JACK SNODGRASS, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES  
 OF THE COUNTY CLERK'S OPERATING FUND AND COUNTY FUND  
WITH THE STATE TREASURER

December 31, 2001

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2001	\$ 57,920	\$ -	\$ 57,920
<u>Receipts</u>			
Fees Paid to State - Operating Fund (75%)	1,165,391		1,165,391
Fees Paid to State - County Funds (25%)		357,732	357,732
Total Funds Available	<u>\$ 1,223,311</u>	<u>\$ 357,732</u>	<u>\$ 1,581,043</u>
<u>Disbursements</u>			
Payments to Campbell County Fiscal Court	\$ -	\$ 357,732	\$ 357,732
Personnel Services-			
Officials Maximum Salary	82,111		82,111
Training Incentive	1,460		1,460
County Clerk's Expense Allowance	3,600		3,600
Deputies' Salaries	557,719		557,719
Overtime Pay	39,371		39,371
Employee Benefits-			
Employer's Share Social Security	54,286		54,286
Employer's Share Retirement	52,703		52,703
Employer's Paid Health Insurance	81,284		81,284
Other Insurance	15,161		15,161
Unemployment Insurance	2,281		2,281
Contracted Services-			
Advertising	2,380		2,380
Printing	20,900		20,900

The accompanying notes are an integral part of the financial statements.



CAMPBELL COUNTY  
 JACK SNODGRASS, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES  
 OF THE COUNTY CLERK'S OPERATING FUND AND COUNTY FUND  
 WITH THE STATE TREASURER  
 December 31, 2001  
 (Continued)

<u>Disbursements</u> (Continued)	<u>75% Operating Fund</u>	<u>25% County Fund</u>	<u>Totals</u>
Materials and Supplies-			
Office Supplies	\$ 71,385	\$	\$ 71,385
Phone and Paging	22,317		22,317
Computer Support	201		201
Other Charges-			
Travel	6,674		6,674
Maintenance	10,358		10,358
Postage	14,293		14,293
			-
Capital Outlay-			-
Computers	9,272		9,272
Total Disbursements	<u>\$ 1,047,757</u>	<u>\$ 357,732</u>	<u>\$ 1,405,488</u>
Fund Balance - December 31, 2001	<u>\$ 175,554</u>	<u>\$ 0</u>	<u>\$ 175,555</u>

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five (25%) of fees collected is deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county governments.

B. Basis of Accounting

The financial statements have been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The Attorney General issued a letter which stated that some receipts of the fee official's office could be considered reimbursed expenses. All reimbursed expenses are receipted in the 75 percent fund.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies instrumentalities, obligations, and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full time employees. Benefit contributions and provisions are established by statute.

CAMPBELL COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2001  
(Continued)

Note 2. Employee Retirement System (Continued)

Non-hazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for non-hazardous employees was 7.17 percent for the first six months and 6.41 percent for the last six months of the calendar year.

Benefits fully vest on reaching five years of service for non-hazardous employees. Aspects of benefits for non-hazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The County Clerk entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of June 11, 2001, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$12,971 of public funds uninsured and unsecured.

Note 4 Bond Account

During calendar year 2001 the County Clerk maintained a bond account. When a mechanic's lien is filed, funds can be deposited into this account until the dispute has been settled. This account had a beginning balance of \$1,785. Funds totaling \$10,456 were deposited and interest of \$173 was earned. There were no funds distributed, leaving an unexpended balance of \$12,414.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





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Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Campbell County Clerk for the year ended December 31, 2001, and have issued our report thereon dated October 9, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Campbell County Clerk's financial statements for the year ended December 31, 2001, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Campbell County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit Fieldwork completed –  
October 9, 2002



